



What is the Thrift Savings Plan (TSP)?

- ✓ **The Thrift Savings Plan (TSP) is an OPTIONAL retirement savings and investment plan.**
- ✓ **You must sign up to participate. You contribute to the TSP from your pay on a pre-tax basis (contributions are subtracted from pay then taxes are assessed on your remaining pay).**
- ✓ **The purpose is to provide retirement income. TSP offers participants the same type of savings and tax benefits that many private corporations offer their employees under a "401(k) plans."**



When will I be able to join the TSP?

- ✓ **Uniformed services members will be able to enroll in the TSP beginning on October 9, 2001.**
- ✓ **Special 60-day enrollment period, beginning on October 9, 2001, and ending on December 8, 2001. Deduction of contributions to the TSP during the initial open season sign-up period will begin in January 2002.**
- ✓ **Two "open seasons" per year to enroll thereafter. November 15 through January 31 and May 15 through July 31.**



What are the differences in TSP participation for the uniformed services?

- ✓ **Generally, uniformed services members will participate under the same rules and receive the same benefits as civilian TSP participants.**
- ✓ **Two separate accounts will be maintained for participants who are both Federal civilian employees and Drilling Reservists in a pay status.**



What if I have two accounts (civilian and uniformed services)?

- ✓ If you have both a civilian TSP account and a uniformed services TSP account, they will be treated separately for most purposes.
- ✓ This means, if you want to move your money among investment funds, you must submit two interfund transfer requests, one for each account.
- ✓ However, the accounts will be combined for the Internal Revenue Code's elective deferral limit on contributions and in determining the amount you are eligible to borrow from the TSP.



How much can I contribute?

- ✓ In 2002, you can contribute up to 7 percent of the basic pay you earn each month.
- ✓ Contribute all or any whole percentage of any special or incentive pay (including reenlistment or other bonuses) you receive.
- ✓ The total amount you contribute each year cannot exceed the Internal Revenue Code's elective deferral limit (the amount of income an employee may elect to defer paying taxes on during a tax year) in that year for 2002, the limit is \$11,000.



How much can I contribute?

- ✓ If you are a member of the Ready Reserve and have a civilian TSP account (or another qualified employer plan described under sections 401(k), 403(b), or 408(k) of the Internal Revenue Code), the total of all your contributions to all of your plans cannot exceed the Internal Revenue Code's elective deferral limit.



How much can I contribute?

- ✓ **In addition, your contributions are subject to another Internal Revenue Code section (26 U.S.C. § 415(c)) which limits your contributions to the TSP and other qualified plans to \$40,000, or 25 percent of your uniformed services compensation, whichever is less. If you are a reservist and a Federal civilian employee, the 25 percent limitation applies to your combined reservist and civilian compensation.**



Do I have to be contributing from my basic pay to contribute from my special pay, incentive pay, or bonuses?

- ✓ **YES to contribute from special pay, incentive pay, or bonuses, you must be contributing from basic pay.**
- ✓ **If you anticipate receiving a large bonus (such as a reenlistment bonus) and want to contribute all or part of it to the TSP, you must start your contributions from basic pay before receiving the bonus.**



Do I contribute money monthly or annually?

- ✓ **Monthly**
- ✓ **You cannot send a check to the NFC. Once you have received your pay, you cannot contribute any of it to the TSP.**
- ✓ **If you want to contribute all or part of a bonus to your uniformed services TSP account, that contribution *must* be deducted by your payroll office and remitted to the NFC at the time the bonus is paid to you.**



Can I contribute to an Individual Retirement Account and the Thrift Savings Plan in the same year?

- ✓ **Yes.**
- ✓ **Participation in the TSP does not affect your ability to contribute to an IRA.**
- ✓ **You can also obtain a copy of IRS Publication 590, Individual Retirement Arrangements (IRAs).**



How are my contributions invested?

✓ You can invest any portion of your TSP account in the five TSP investment funds:

- Government Securities Investment (G) Funds
- Fixed Income Index Investment (F) Fund
- Common Stock Index Investment (C) Fund
- Small Capitalization Stock Index Investment Fund (S) Fund
- International Stock Index Investment Fund (I) Fund



What is the G Fund ?

The G Fund consists exclusively of investments in short-term, non-marketable U.S. Treasury securities specially issued to the TSP. G Fund investments earn interest at a rate that is equal, by law, to the average rate of return on outstanding U.S. Treasury marketable securities with 4 or more years to maturity. Currently, the maturities of the securities in the G Fund range from one day (on business days) to 4 days (over holiday weekends).



What are the risks of investing in the G Fund?

There is no *credit risk*

The Treasury Certificates are guaranteed by the full faith and credit of the U.S. Government.

There is also no *market risk*

Because of the policy of investing only in short-term securities,



How has the G Fund performed?

1991	8.15%	8.26%
1992	7.23%	7.32%
1993	6.14%	6.23%
1994	7.22%	7.29%
1995	7.03%	7.10%
1996	6.76%	6.80%
1997	6.77%	6.80%
1998	5.74%	5.77%
1999	5.99%	6.03%
2000	6.42%	6.42%
1991 - 2000 compound annual rate of return		
	6.74%	6.80%

* Returns are stated after deducting TSP administrative expenses.

** Calculated by the Board based on the statutory rate of return.



What is the F Fund?

The Fixed Income Index Investment (F) Fund is a bond market fund.

It tracks the overall performance of the U.S. bond market.

“Fixed-income” refers to the fact that the coupon rate (annual interest rate) of each such security is set, or “fixed,” in advance. These securities usually pay interest semiannually until maturity.



What are the risks of investing in the F Fund?

There is no credit risk for the Treasury securities in the under-lying index fund.

Credit risk is of concern primarily with the corporate bond holdings and, to some degree, with certain mortgage - backed securities and Government-Sponsored enterprise securities.

There are no high - risk “junk bonds” in the index.



What are the risks of investing in the F Fund?

The F Fund carries *market risk*, the risk that the market value of the investment may fluctuate as interest rates fluctuate.

This risk is reduced by holding securities with shorter maturates, rather than holding only longer - term bonds.

Nevertheless, market risk is a major influence on the returns of the F Fund because the average maturity of securities in the LBA bond index is approximately 8.4 years, as of December 31, 2000.



How has the F Fund performed?

The 1991 - 2000 F Fund rates of return are presented in the following table. The table also shows the calendar - year total rates of return for the LBA bond index for the last 10 years.

Year	F Fund*	LBA Bond Index**
1991	15.75%	16.00%
1992	7.20%	7.40%
1993	9.52%	9.75%
1994	- 2.96%	- 2.92%
1995	18.31%	18.47%
1996	3.66%	3.63%
1997	9.60%	9.65%
1998	8.70%	8.69%
1999	- 0.85%	- 0.82%
2000	11.67%	11.63%
1991 - 2000 compound annual rate of return		
	7.87%	7.96%

* Returns are stated after deducting TSP administrative expenses and F Fund management fees and trading costs.

** Calculated by Lehman Brothers.



What is the C Fund?

The C Fund is the TSP's large - company U.S. stock fund.

Invested primarily in shares of the Barclays Equity Index Fund.

The Barclays Equity Index Fund holds common stocks of all the companies represented in the S&P 500 index.



What are the advantages of investing in the C Fund?

Advantage

The C Fund gives participants the opportunity to diversify their investments and, indirectly, to own shares in a variety of large companies that are traded in the U.S. stock markets.



What are the risks of investing in the C Fund?

The risks of investing in the C Fund are the same as for any stock index fund.

Only you can decide whether an appropriate mix of investments for your circumstances includes a C Fund investment.



How has the C Fund performed?



The 1991 - 2000 C Fund rates of return are presented in the table below. The table also shows the calendar - year total rates of return for the S&P 500 index for the last 10 years.

Year	C Fund*	S&P 500 Index (Calculated by Standard & Poor's.)	
1991	30.77%	30.77%	30.47%
1992	7.70%	7.70%	7.62%
1993	10.13%	10.13%	10.08%
1994	1.33%	1.33%	1.32%
1995	37.41%	37.41%	37.58%
1996	22.85%	22.85%	22.96%
1997	33.17%	33.17%	33.36%
1998	28.44%	28.44%	28.58%
1999	20.95%	20.95%	21.04%
2000	- 9.14%	- 9.14%	- 9.10%
1991 - 2000 compound annual rate of return			
	17.43%	17.43%	17.46%

* Returns are stated after deducting TSP administrative expenses and C Fund management fees and trading costs.



What is the S Fund?

The Small Capitalization Stock Index Investment (S) Fund is the TSP's medium and small company stock fund.

The objective of the S Fund is to track the returns of the Wilshire 4500 stock index, which includes those U.S. stocks that are not found in the S&P 500 index.



What are the advantages of investing in the S Fund?

Advantage

The S Fund gives TSP participants the opportunity to diversify their investments by owning, indirectly, a broader range of U.S. company stocks than are available in the C Fund alone.



What are the risks of investing in the S Fund?

Risks

The risks of investing in the S Fund are the same as for any stock index fund.

In addition, historically, stocks of mid - size and smaller companies tend to be more volatile in price and therefore potentially riskier than stocks of the larger companies in the C Fund's S&P 500 index.

Only you can decide whether your TSP account should include an S Fund investment.



How has the S Fund performed?



Because the S Fund is new, there are no historical performance data for it.

However, there are historical returns for the Barclays Extended Market Index Fund, in the shares of which the S Fund is invested.



How has the S Fund performed?

Year	Index Fund*	4500 Index**
1991		43.45%
1992		11.87%
1993	13.54%	14.57%
1994	- 3.22%	- 2.66%
1995	33.65%	33.48%
1996	18.52%	17.18%
1997	26.61%	25.69%
1998	7.51%	8.63%
1999	32.70%	35.49%
2000	- 8.76%	- 15.76%
1993 - 2000 compound annual rate of return		
	14.08%	13.32%
1991 - 2000 compound annual rate of return		15.87%

* Fund inception date December 31, 1992. Returns before December 1, 1998, reflect returns of the BGI fund deemed most equivalent to the current structure. ** Calculated by Wilshire Associates.



What is the I Fund?

The I Fund is an international stock index fund.

The objective is to track the returns of the Morgan Stanley Capital International EAFE stock index, an index that tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.



What are the advantages of investing in the I Fund?

Advantage

The I Fund gives TSP participants the opportunity to further diversify their investments by participating in international stock markets.



What are the risks of investing in the I Fund?

Risks

The risks of investing in the I Fund are the same as for any stock index fund.

The I Fund also carries the risk of foreign currency fluctuations.

The stock prices of the companies in the EAFE index are expressed in the currency of each respective country and then converted to U.S. dollars to determine the value of the EAFE index.



What are the risks of investing in the I Fund?

Risks continued:

Thus, the value of the EAFE index will:

Rise as the value of the U.S. dollar falls —
and

Fall as the value of the U.S. dollar rises —

Historically, the stocks tend to be more
volatile in price and, potentially riskier than
the stocks held by C and S Funds

Only you can decide whether your TSP
account should include an I Fund investment.



How has the I Fund performed?

Because the I Fund is new, there are no historical performance data for it.

However, there are historical returns for the Barclays

EAFE Index Fund, in the shares of which the I Fund is invested.



How has the I Fund performed?

Year	Index Fund*	EAFE Index**
1991		12.19%
1992	- 9.92%	- 12.22%
1993	31.59%	32.68%
1994	7.64%	7.75%
1995	10.90%	11.27%
1996	6.27%	6.14%
1997	1.46%	1.55%
1998	20.46%	20.09%
1999	26.81%	26.72%
2000	- 14.11%	- 14.17%
1992 - 2000 compound annual rate of return		
	8.09%	8.15%
1991 - 2000 compound annual rate of return		8.23%

* Fund inception date was January 31, 1992.

** Calculated by Morgan Stanley Capital International.



How are my contributions invested? (Cont'd)

- ✓ As a new participant, the TSP will invest your contributions in the G Fund.
- ✓ Once your TSP account is established and you receive your PIN, you will be able to make a contribution allocation using the TSP Web site, www.tsp.gov or the Thriftline (504-255-8777).



How do I change the investment of my existing account balance?



- ✓ To change the investment of your existing account balance, you must request an interfund transfer.
- ✓ Once your account is established, you will be able to request an interfund transfer on the TSP Web site www.tsp.gov or the ThriftLine (504-255-8777).



Can I withdraw or borrow from my account before I separate from the uniformed services?

- ✓ **TSP participants (whether in active service or members of the Ready Reserve or National Guard) can withdraw funds from their accounts in only two cases:**
 - ✓ **1. Normal withdrawals (no penalty) start when you are 59½ or older.**
 - ✓ **2. Financial hardship in-service withdrawals for participants who can document financial hardship.**



Can I withdraw or borrow from my account before I separate from the uniformed services?

(Cont'd)

- ✓ The TSP Loan Program allows you to borrow your own contributions and attributable earnings from your account for
 - ✓ 1. A general purpose loan
 - ✓ 2. A loan to purchase your primary residence.
- ✓ The minimum loan amount is \$1,000.
- ✓ The maximum loan amount is \$50,000;
- ✓ However the amount you can borrow may be less.



What are my withdrawal options once I separate from the uniformed services?

- ✓ When you separate from the uniformed services, you may:
- Receive a single payment.
 - Request a TSP annuity. You must have at least \$3,500 in your account in order to purchase an annuity;
 - Request a series of monthly payments based on a dollar amount, a number of months, or your life expectancy.
 - Leave your money in the TSP.



Does my spouse have any rights with respect to my TSP account?

- ✓ **Members of the uniformed services are subject to the same spousal rights rules as are civilian participants.**
- ✓ **This means that your spouse must consent to:**
 - ✓ **1. all loans and in-service withdrawals.**
 - ✓ **2. post-separation withdrawal, your spouse has a right to a specified form of joint annuity (i.e., no cash refund, 50% survivor benefit, level payments).**
- ✓ **If you do not want this type of annuity, your spouse must waive their right to it in writing.**



Who administers the TSP?



- ✓ **The Federal Retirement Thrift Investment Board administers the TSP.**
- ✓ **The Investment Board is an independent Government agency.**
- ✓ **The five members of the board and the Executive Director are statutory fiduciaries and are required by law to manage the TSP prudently and solely in the interest of participants and their beneficiaries.**



Who administers the TSP? (Cont'd)



- ✓ **While you are employed, the Navy is your primary TSP contact.**
- ✓ **The Navy will provide you with TSP forms and informational materials and answer your questions about the TSP.**
- ✓ **You will submit the Election Form (TSP-U-1) to your PSD (Active Duty) or Naval Reserve Activity (Drilling Reserve) to enroll in the TSP.**



Who administers the TSP? (Cont'd)

- ✓ **DFAS Cleveland will report to the record keeper the dollar amount of contributions to your account each pay period (30 Day period).**
- ✓ **You should review your semiannual (May/November) TSP participant statements to ensure that your service provides the TSP record keeper with correct and up-to-date information about you and your contributions.**



Where Do I go for more Information

- ✓ <http://www.tsp.gov/uniserv/forms/tspb-k-u-08.pdf>
Summary of the UNISERV TSP available for viewing online, downloading, or printing.
- ✓ This booklet is the authoritative source of information about TSP and should be carefully reviewed before making any investment decisions
- ✓ A more detailed power point presentation for individual TSP training can be found at <http://www.navres.navy.mil/navresfor/n1/tsp.html>



Where Do I go for more Information

- ✓ <http://www.tsp.gov/features/index.html> TSP features contains basic information about the thrift savings plan.
- ✓ <http://www.tsp.gov/uniserv/forms/tspb-k-u-08.pdf> frequently asked questions provides answers to those questions most frequently asked question about uniserv tsp.
- ✓ <http://www.tsp.gov/rates/index.html> rates return provides a 12 month performance review of the 5 investment funds.



Where Do I go for more Information



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